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DOICALS

THE INTERIM

**The Monthly Report
of Legislative
Activity**



A Publication of



Montana Legislative Council

JUNE 1993

HELENA, MONTANA

VOL. IX NO. 1

PLEASE RETURN

PUBLICATION RESUMES: SUBSCRIPTION PAYMENTS OF \$19 NOW DUE!

Publication Resumes...Publication of *The Interim* resumes with this issue and will continue each month through December 1994. The monthly bulletin of legislative activities is published by the Legislative Council staff and includes reports on all meetings of interim committees. The monthly calendar of activities in each issue will provide current information on all future meetings. Interested persons who are not legislators may obtain copies by subscription.

Subscription Payments Due...A READER WHO PREVIOUSLY PURCHASED A SUBSCRIPTION WILL CONTINUE TO RECEIVE A SUBSCRIPTION, UNLESS CANCELLED, FOR THE NEXT 19 MONTHS AT A PRICE OF \$1 PER ISSUE. New subscribers are also welcome at that price. To ensure you don't miss a single issue, please send your payment of \$19 before June 24 to:

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STUDIES' RANKING COMPLETED

Interim Studies Prioritized...Polling of legislators to prioritize interim studies requested by the 53rd Legislature is complete. The next step is for the Legislative Council to determine the number of committees needed and assign specific study tasks to each committee.

Legislators Rank Seven Study Requests...In the balloting, legislators were asked to rank seven study requests, including a study in House Bill No. 667, the new school funding scheme. Rankings after voting, from highest to lowest, were:

- (1) HJR 33, 24-hour coverage for workers' compensation
- (2) HB 667, school finance, including equalization of non-levy revenue
- (3) SJR 31, insurance and tort reform
- (4) HJR 27, health care for veterans
- (5) HJR 17, retirement and public safety occupations
- (6) SJR 15, enforcement of state human rights laws
- (7) HJR 13, truth in public campaigns

Other Studies and Committees...Studies not subject to prioritization because the legislation assigned the duties to particular committees were:

HB 19, children and families, Committee on Children and Families

HB 581, housing study, State Housing Task Force

HB 525, court unification and finance, Judicial Unification and Finance Commission

HB 65, retirement issues, Committee on Public Employee Retirement Systems

HJR 30, tax expenditures, Revenue Oversight Committee

SJR 33, SID and RSID financing, Revenue Oversight Committee

The July edition of *The Interim* will carry a follow-up article on which studies will have been selected by the Council.

LEGISLATIVE FINANCE COMMITTEE

Committee to Meet in June...The Legislative Finance Committee will meet on Friday, June 25 in Room 104 of the State Capitol. At the meeting, the Committee will:

- 1) review budget amendments submitted by the executive and other approving authorities;
- 2) hear a staff report on fiscal 1993 revenue collections; and
- 3) consider interim work plans and schedules.

Appropriations Report Available Soon...The staff will also present the two-volume Appropriations Report, 1995 Biennium to the Committee. Copies of this report will be mailed to all legislators.

REVENUE OVERSIGHT COMMITTEE

Officers Elected...As is its custom, the Revenue Oversight Committee held an organizational meeting during the closing days of the legislative session. The Committee met on April 22 and elected Representative Dan Harrington chair and Senator Bruce Crippen vice chair.

June 14 Meeting...The Committee will meet at 9:30 a.m. Monday, June 14 in Room 104 of the State Capitol. The principal business of the Committee will be consideration of its work schedule for the interim. The 53rd Legislature assigned two studies to the Committee. HJR 30 directs the Committee to study tax expenditures as they relate to the state's budgeting process, and SJR 33 directs the Committee to study special improvement district and rural special improvement district financing. Staff will present study plans for the Committee's approval. The Committee will also discuss its revenue monitoring and revenue estimating duties and coal tax oversight duties.

Referendum on HB 671...A referendum petition has been initiated to place House Bill No. 671 (HB 671) on the ballot for voter approval at the November 8, 1994, general election. HB 671 significantly revises the Montana individual income tax and corporation license tax structures. The bill is intended as a back-up revenue measure in the event the governor's tax reform proposal (Referendum 111) is defeated at the June 8 special election. If enough petition signatures are obtained (15% of the qualified electors in a majority of the legislative representative districts), then HB 671 will be suspended until the November 1994 general election. The director of legal services for the Legislative Council will inform the Committee of the possible effects of the proposed referendum.

Other Committee Business...The Committee will also hear from the Department of Revenue a discussion on the implementation of HB 279 (liquor agency store franchise agreements), a review of the changes in the market value of residential and commercial property as a result of reappraisal, and an update on a railroad car company lawsuit.

WATER POLICY COMMITTEE

First Meeting...The Water Policy Committee held its first meeting of the interim on Monday, May 24. Representative Hal Harper was elected Chair and Senator Bob Hockett was elected Vice-Chair. Additional Committee members include Representatives Russell Fagg, Vern Keller, and Angela Russell, and Senators Don Bianchi, Ken Mesaros, and Bernie Swift.

Interim Work Plan...The Committee concentrated on selecting issues for interim study. In addition to the statutorily mandated oversight responsibilities for water research, water data management, water development, and the state water plan, the 1993 Legislature directed the Committee to study the "late claims" issue and weather modification. The Committee also expressed a strong interest in studying the instream flow issue and participating in a potential interim study by the Environmental Quality Council of the water quality nondegradation issue.

"Late Claims" Study...Senate Bill 310 directed the Committee to analyze specific issues involved with the late filing of water right claims allowed under SB 310. The Committee feels that this study is very important to all Montanans and has scheduled an organizational meeting with interested parties to establish study goals and methods. This scoping meeting will begin at 1:00 p.m., Wednesday, June 9 in Room 108 of the Capitol.

Updates...The Committee was also updated on recent events involving water leasing, the state water plan, and the Drought Advisory Committee.

Meeting on June 28...The next meeting is tentatively scheduled for Monday, June 28. Agenda items include finalizing the interim work plan, including a continued discussion of the instream flow and nondegradation issues, a report on the organizational meeting regarding the "late claims" study, and an update on the restructuring of the Water Research Center.

For more information on these issues, a copy of the draft interim work plan, or placement on the Committee's mailing list, please contact the EQC staff at 444-3742.

LEGISLATIVE COUNCIL

LEGAL DIVISION

Ballot Measures Received:

- referendum on House Bill No. 671
- require vote for school general fund budget amount in excess of maximum

Legal Memorandum

- Analysis of Suspension of HB 671

LIBRARY

Committee Minutes Available...Committee minutes from the 53rd Legislature are starting to arrive in the Library to be converted to microfiche for distribution throughout the state. The Library hopes to receive the majority of the minutes over the next month. Please call the Library (444-3064) for information about the status of any particular set of minutes.

COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS

New Statutory Committee Established...All legislative proposals affecting public employee retirement systems may now be reviewed and evaluated by the statutory Committee on Public Employee Retirement Systems (CPERS) prior to the 1995 Legislative Session. The CPERS was created by House Bill No. 65, passed by the 53rd Legislature and signed by the Governor on April 28, 1993.

Prepared as the result of an interim study committee's recommendation, HB 65 was introduced by Representative Vicki Cocchiarella and carried in the Senate by Senator Don Bianchi. As originally introduced, HB 65 would have created a permanent statutory retirement committee. However, in its final form, the legislation terminates the CPERS on June 30, 1995.

Committee to Review Retirement Systems and Legislation...The bi-partisan, 8-member committee is charged with reviewing the fiscal status

of the retirement systems, developing principles of sound retirement policy to guide legislative decision-making, and reviewing and making recommendations on legislative proposals to be introduced during the 54th regular legislative session. Parties, including the retirement boards and employee and retiree groups, planning to introduce retirement legislation are required to submit their proposals to the Committee for review by November 25, 1994, 45 days prior to the 1995 Session.

The intent behind this review process is to give legislators time to fairly evaluate retirement legislation in light of basic principles of good fiscal and public policy and to assist the Legislature in coordinating proposals that may affect more than one of Montana's ten statewide retirement systems.

Each regular session, legislators consider an average of 35 to 45 bills affecting one or more of Montana's 12 public employee retirement systems. The fiscal and policy implications of these bills reach beyond the two-year fiscal note prepared for most of these bills and may affect more than 56,000 state and local public employees and about 18,500 retirees and beneficiaries. The combined assets of the public employee retirement systems are about \$2.3 billion.

Committee May Look At Retirement Plan for Public Safety Personnel...The CPERS may also be asked by the Legislative Council to study retirement plan options for public safety personnel, such as Correctional Officers, who are now covered under the Public Employees' Retirement System (PERS). The study of retirement options for public safety officers was requested by the 53rd Legislature through its approval of House Joint Resolution No. 17, introduced by Representative Liz Smith.

Committee No Yet Appointed...As of June 1, CPERS members had not yet been appointed. A complete list of CPERS member will be published in a future issue of *The Interim*.

JUDICIAL UNIFICATION AND FINANCE COMMISSION

Commission to Study Court Operations...A commission charged to review court funding, the potential unification of judicial administration, selection standards for judges, and other issues relevant to court operations, will initiate its work this interim and report its findings and recommendations to the 54th Legislature. The Judicial Unification and Finance Commission (JUFC) was created by House Bill No. 525, sponsored by Representative Jim Rice and Senator Steve Doherty and supported by the State Bar Association.

State Bar Study Impetus Behind Commission...A District Court Funding Committee of the State Bar Association of Montana, based on the findings of its 1990 District Court funding study, in December 1992 published a proposal for a broader study of court unification and finance.

The State Bar proposal, which was the impetus behind introduction of HB 525, cites research showing that 36 Montana counties have "serious financial problems in operating their courts" due to shortfalls in revenue available from state reimbursement for criminal cases, the state grant-in-aid program, county district court mill levies, and miscellaneous revenues statutorily allocated to the district courts. The proposal also references previous failed legislative attempts to require greater state funding of district court costs.

Commission Composed of 13 Members...HB 525 provides that the JUFC is a 13-member commission comprised of two legislators, one legislator from each house to be appointed by the house leadership, three members representing the general public to be appointed by the governor, two members to be appointed by the Chief Justice of the Montana Supreme Court, and six other members, one member appointed by each of the following organizations: the Montana Judges' Association, the Montana Magistrates' Association, the Montana Association of Clerks of Court, the State Bar of Montana, the Montana League of Cities and Towns, and the Montana Association of Counties.

As of June 1, only the Chief Justice and the State Bar of Montana had made their appointments. A complete list of JUFC members will be published in a future issue of *The Interim*.

ENVIRONMENTAL QUALITY COUNCIL

Council Holds First Meeting...The Environmental Quality Council held its first meeting of the interim on Wednesday and Thursday, June 2-3, 1993. Senator Bill Yellowtail was elected chair and public member Jerry Noble was elected vice-chair. Additional Council members include Representatives Jody Bird, Vicki Cocchiarella, Dick Knox, and Scott Orr, Senators Steve Doherty, Lorents Grosfield, and David Rye, and public members Bob Boeh, Jeanne-Marie Souvigney, and Greg Tollefson. Deborah B. Schmidt was reappointed as Executive Director.

Interim Work Plan...The Council concentrated on selecting issues for interim study. In addition to the statutorily mandated oversight responsibilities for state agency implementation of the Montana Environmental Policy Act (MEPA), the 1993 Legislature requested the Council to study the water quality nondegradation issue and the disposal and management of hazardous waste.

MEPA Training...On Thursday, the Council participated in a 4 hour introductory training seminar on state agency MEPA implementation.

Next Meeting...The next Council meeting is tentatively scheduled for the early fall. Agenda items will include finalizing the interim work plan and a continued discussion of the nondegradation and hazardous waste issues.

For more information on these issues, a copy of the draft interim work plan, or placement on the Council's mailing list, please contact the EQC staff at 444-3742.

LEGISLATIVE AUDIT COMMITTEE

Committee Meets in May...The Legislative Audit Committee met May 28 in Room 104 of the Capitol Building. The following reports were presented:

FINANCIAL-COMPLIANCE AUDITS:

Office of the Secretary of State

A financial-compliance audit of the office was performed for the two fiscal years ending June 30, 1992. The report contains four recommendations. These recommendations address timely deposits of cash receipts, compliance with state travel laws, segregation of payroll duties, and proper recording of accruals. An unqualified opinion was issued on the financial schedules.

Board of Public Education

A financial-compliance audit of the board for the two fiscal years ending June 30, 1992, contains an unqualified opinion on the financial schedules. The report contains one recommendation addressing unrecorded revenue and expenditure activity.

Montana School for the Deaf and Blind

A financial-compliance audit of the school for the two fiscal years ending June 30, 1992, contains an unqualified opinion on the financial schedules. The report contains seven recommendations. In brief the recommendations address:

- state compliance with annual and holiday leave calculations, employment placement, and Civil Rights Act;
- student accounts;
- administrative cost recovery; and

- unrecorded revenue and expenditure activity.

Eastern Montana College

A financial-compliance audit of Eastern Montana College was performed for the two fiscal years ending June 30, 1992. An unqualified opinion was issued on the college's financial statements. The report contains 2 recommendations concerning the college's controls over cash collections and operation of the college newspaper.

Western Montana College of the University of Montana

A financial-compliance audit of the college was performed for the two fiscal years ending June 30, 1992. The report contains two recommendations. These recommendations address timely deposits of extension course revenues and analyzing and writing off uncollectible accounts receivable. An unqualified opinion was issued on the financial statements prepared by the college.

Montana College of Mineral Science and Technology

A financial-compliance audit of the Montana College of Mineral Science and Technology was performed for the two fiscal years ending June 30, 1992. An unqualified opinion was issued on the financial statements presented in the report. The report contains eight recommendations. The recommendations pertain to exceeding delegated purchasing authority, complying with federal regulations, unrecorded donations to the college, and deferring summer school tuition fees.

Montana Historical Society

A financial-compliance audit of the Montana Historical Society was performed for the two fiscal years ending June 30, 1992. An unqualified opinion was issued on the financial schedules presented in the report. The report contains one recommendation to the society concerning improving controls over inventory procedures in the museum store operation.

Department of Fish, Wildlife and Parks

A financial-compliance audit of the Department of Fish, Wildlife and Parks was performed for the two fiscal years ending June 30, 1992. An unqualified opinion was issued on the financial schedules presented in the report. The report contains three recommendations. These recommendations address preventing duplicate payments to vendors, maintaining adequate written support for accounting transactions, and depositing cash receipts in accordance with state law.

Department of Natural Resources and Conservation

A financial-compliance audit of the Department of Natural Resources and Conservation was performed for the two fiscal years ending June 30, 1992. An unqualified opinion was issued on the department's schedule of changes in fund balances, schedules of budgeted revenues and transfers in, and schedules of budgeted expenditures and transfers out for the two fiscal years ending 1991-92. The report contains five recommendations. In brief, the five recommendations address the following:

- recovery of \$50,000 in federal indirect costs;
- improper accruals;
- proper accounting of defaulted loans;
- untimely federal reporting; and
- subrecipient notification of federal assistance.

PERFORMANCE AUDIT:

Department of Social and Rehabilitation Services, Project Work Program (PWP) and Job Opportunities and Basic Skills (JOBS) Programs

Performance audits of the Project Work Program (PWP) and the Job Opportunities and Basic Skills (JOBS) programs were requested by the 1989 Legislature. Both programs are administered by the Department of Social and Rehabilitation Services (SRS). Audit findings regarding PWP have again concluded the program is of minimal benefit in reducing reliance on GA or increasing the long-term employment and earnings of participants. The findings regarding JOBS noted that SRS should take steps to improve the reliability and completeness of JOBS management information. SRS should establish a management plan to identify and monitor short-term as well as a long-term JOBS program outcomes as specified in the statutory performance standards.

ELECTRONIC DATA PROCESSING AUDIT:

Department of Justice

An EDP audit of three Department of Justice computerized applications was performed. The applications reviewed were the Criminal Justice Information System (CJIN), criminal history database, and the registration and titling system. The audit also reviewed computer general controls as they relate to those three applications. The report contains twenty-six recommendations. These recommendations address:

- increasing electronic access, systems development, organizational, and physical security controls;

- improving data integrity of criminal justice and registration and titling applications; and
- strengthening cooperation between state and local governments.

CONTRACTED AUDIT:

Flathead Valley Community College

The financial-compliance audit for the fiscal years ending June 30, 1991 and 1992, was conducted by Joseph Eve & Company, Management Consultants and Certified Public Accountants. The report contains recommendations relating to third-party transactions, bond proceeds segregation, account reconciliation, journal vouchers, cash management, outstanding warrants, and staffing levels.

LIMITED SCOPE STUDY:

Limited Scope Study of Relationships between State and County Governments

This intergovernmental relations study gathered information about monetary and nonmonetary transactions, reporting between state agencies and the counties, any problems in interpreting or enforcing state laws, and to what degree counties were consulted in the design of mandated state/local accounting and reporting systems. Auditors visited 21 of the 56 counties and interviewed county commissioners, treasurers, clerk and recorders, assessors and other county personnel.

The report contains 16 recommendations discussing ways state agencies can improve operations to facilitate delivery of services at the county level. Five recommendations concern property tax related assessment and collection procedures. Three recommendations deal with reporting of revenues collected by the counties on behalf of the state. The remaining recommendations relate to a discussion of county involvement in the development of state computer systems, communication of the proper distribution of funds by counties, a concern with procedures in public health matters, and issues that deal with difficult-to-implement and outdated laws and regulations.

To Meet in June...The next meeting of the Legislative Audit Committee is tentatively scheduled to be held June 18.

STATUTORY COMMITTEE ASSIGNMENTS

As of June 1, 1993, the memberships of the statutory committees, as appointed by the Senate and House leadership, for the 1993-94 interim are:

SENATE

HOUSE

Legislative Council

Gary Aklestad (R)
Del Gage (R)
Mike Halligan (D)
John "J.D." Lynch (D)

Norm Wallin (R)
William "Red" Menahan (D)
Sonny Hanson (R)
Ervin Davis (D)

Environmental Quality Council

Steve Doherty (D)
Lorents Grosfield (R)
David Rye (R)
Bill Yellowtail (D)

Dick Knox (R)
Jody Bird (D)
Scott Orr (R)
Vicki Cocchiarella (D)

Public Members:

Bob Boeh, Jeanne-Marie Souvigney, Jerry Noble, and
Greg Tollefson

Legislative Audit Committee

Gerry Devlin (R)
Eve Franklin (D)
Greg Jergeson (D)
Tom Keating (R)

John Cobb (R)
Bob Pavlovich (D)
Ernest Bergsagel (R)
Linda Nelson (D)

Administrative Code Committee

Jim Burnett (R)
John Hertel (R)
Eleanor Vaughn (D)
Gary Forrester (D)

Carolyn Squires (D)
Tim Sayles (R)
Bob Bachini (D)
Duane Grimes (R)

Revenue Oversight Committee

Tom Beck (R)
Bob Brown (R)
Bruce Crippen (R)
Dorothy Eck (D)
Barry "Spook" Stang (D)
Tom Towe (D)

Marian Hanson (R)
Dan Harrington (D)
Jim Rice (R)
Bob Ream (D)
Shiell Anderson (R)
Jerry Driscoll (D)

Legislative Finance Committee

Ethel Harding (R)	Francis Bardanouve (D)
Judy Jacobson (D)	Ed Grady (R)
Chuck Swysgood (R)	Ray Peck (D)
Larry Tveit (R)	Tom Zook (R)
Fred Van Valkenburg (D)	Mike Kadas (D)
Cecil Weeding (D)	Tom Nelson (R)

Committee on Indian Affairs

Del Gage (R)	Rolph Tunby (R)
Jeff Weldon (D)	Carley Tuss (D)
Ethel Harding (R)	(R)
Barry "Spook" Stang (D)	(D)

Legislative Water Policy Committee

Don Bianchi (D)	Hal Harper (D)
Bob Hockett (D)	Russell Fagg (R)
Ken Mesaros (R)	Angela Russell (D)
Bernie Swift (R)	Vern Keller (R)

Microbusiness Advisory Panel

Mignon Waterman (D)	Norm Mills (R)
Ken Mesaros (R)	Bob Bachini (D)

Legislative Liaison Committee for the Montana Lottery

John Brenden (R)	Roger DeBruycker (R)
Betty Bruski-Maus (D)	Dore Schwinden (D)

Legislative Consumer Committee

Chet Blaylock (D)	Joe Quilici (D)
John Harp (R)	Mike Foster (R)

Pacific Northwest Economic Region

John "Ed" Kennedy, Jr. (D)	Larry Grinde (R)
Del Gage (R)	(D)

1993 LEGISLATIVE RECAPITULATION**House of Representatives****INTRODUCED**

House Bills	692
House Joint Resolutions	34
House Resolutions	<u>2</u>
Total	728

VOTED DOWN; INDEFINITELY POSTPONED

House Bills	70
House Joint Resolutions	0
House Resolutions	<u>0</u>
Total	70

TABLED IN COMMITTEE

House Bills	213
House Joint Resolutions	6
House Resolutions	<u>0</u>
Total	219

DIED IN COMMITTEE (no action taken)

House Bills	0
House Joint Resolutions	1
House Resolutions	<u>0</u>
Total	1

DIED IN PROCESS

House Bills	6
House Joint Resolutions	0
House Resolutions	<u>0</u>
Total	6

PASSED BY LEGISLATURE

House Bills	403
House Joint Resolutions	27
House Resolutions	<u>2</u>
Total	432

VETOED

House Bills	2
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ADOPTED; SIGNED INTO LAW

House Bills	401
House Joint Resolutions	27
House Resolutions	<u>2</u>
Total	430

SenateINTRODUCED

Senate Bills	438
Senate Joint Resolutions	34
Senate Resolutions	<u>13</u>
Total	485

VOTED DOWN; INDEFINITELY POSTPONED

Senate Bills	62
Senate Joint Resolutions	4
Senate Resolutions	<u>0</u>
Total	66

TABLED IN COMMITTEE

Senate Bills	126
Senate Joint Resolutions	5
Senate Resolutions	<u>0</u>
Total	131

DIED IN COMMITTEE (no action taken)

Senate Bills	1
Senate Joint Resolutions	2
Senate Resolutions	<u>0</u>
Total	3

DIED IN PROCESS

Senate Bills	6
Senate Joint Resolutions	0
Senate Resolutions	<u>0</u>
Total	6

PASSED BY LEGISLATURE

Senate Bills	243
Senate Joint Resolutions	23
Senate Resolutions	<u>13</u>
Total	279

VETOED

Senate Bills

2

ADOPTED; SIGNED INTO LAW

Senate Bills

241

Senate Joint Resolutions

23

Senate Resolutions

13

Total

277

Grand Totals

INTRODUCED

House

728

Senate

485

Total

1,213

VOTED DOWN; INDEFINITELY POSTPONED

House

70

Senate

66

Total

136

TABLED IN COMMITTEE

House

219

Senate

131

Total

350

DIED IN COMMITTEE (no action taken)

House

1

Senate

3

Total

4

DIED IN PROCESS

House

6

Senate

6

Total

12

PASSED BY LEGISLATURE

House

432

Senate

279

Total

711

VETOED

House	2
Senate	<u>2</u>
Total	4

ADOPTED; SIGNED INTO LAW

House	430
Senate	<u>277</u>
Total	707



INTERIM CALENDAR

June 14, Revenue Oversight Committee, Room
104, 9:30 a.m.

June 18, Legislative Audit Committee

June 25, Legislative Finance Committee, Room 104

June 28, Water Policy Committee, Room 104

July 5, Independence Day celebrated, holiday

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